# ASX Announcement

16 March 2023

## Globe Metals & Mining Limited – Half Year Financial Report

Globe Metals & Mining Limited (ASX: GBE) ("**Globe**" or "**Company**") is pleased to present the financial report of the Company and its controlled entities for the half year ended 31 December 2022.

During the half-year, the Company made important progress in its negotiations with the Malawi Ministry of Mining for a Mining Development Agreement with respect to its Kanyika Niobium Project in Malawi. Those negotiations were accompanied by further refinements of the group's Phase One study, which details project optimisation strategies for the Kanyika mine and downstream processing facilities in Namibia.

The Company's Board, led by Non-Executive Chairperson Alice Wong, and senior management team, led by CEO Grant Hudson, remain fully committed to Globe's stated development strategy for the Kanyika Niobium Project and would like to thank shareholders for their ongoing support.

The Company's full half year financial report is provided below.

This announcement was authorised for release by the Board of the Company.

-ends-

For further information, please contact:


Grant Hudson
Chief Executive Officer
gh@globemm.com

Paul Hardie
Company Secretary
phardie@globemm.com



# Globe
## Metals & Mining

**GLOBE METALS & MINING LIMITED**
**ABN 33 114 400 609**
**AND CONTROLLED ENTITIES**

Half Year Financial Report
31 December 2022

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# DIRECTORS' REPORT

The directors of Globe Metals & Mining Limited ('**Globe**' or '**the Company**') submit the financial report of the Company and its controlled entities for the half year ended 31 December 2022.

## DIRECTORS

The names of Directors who held office during or since the end of the half year:

| | |
|---|---|
| Alice Wong | Non-Executive Chairperson |
| Bo Tan | Non-Executive Director |
| Ricky Lau | Non-Executive Director |
| Michael Barrett | Non-Executive Director |
| Michael Choi OAM | Non-Executive Director |

Directors have held office for the entire period up to the date of this report unless otherwise stated.

## COMPANY SECRETARY

Paul Hardie

## KEY MANAGEMENT PERSONNEL

| | |
|---|---|
| Grant Hudson | Chief Executive Officer |
| Rex Zietsman | Chief Technical Officer |
| Charles Altshuler | Chief Financial Officer |
| Paul Hardie | General Counsel |

## RESULTS

The result for the half year ended 31 December 2022 attributable to members of Globe was a net loss after tax of $0.984 million (2021: $1.093 million).

## REVIEW OF OPERATIONS

During the half year ended 31 December 2022, Globe's main operational focus was on the advancement of its Kanyika Niobium Project in Malawi (Africa) and the refinement of the processing technical studies in Namibia.

During the half year Globe, together with representatives of the Malawi Government, met with the Kanyika community and advised that it could not progress with plans to relocate them from site because the Mining Development Agreement (**MDA**) has not yet been executed. The Malawi Government representatives acknowledged that the delay lay with the Government.

This follows Globe having received in June 2022 formal communication from the Malawi Ministry of Mining advising that the negotiations and attendant review of the draft MDA have been consummated, following a recommendation for approval made by the Government's MDA Steering Committee. The letter further states that the Ministry of Justice is vetting the final draft of the MDA, in readiness for submission to the Ministers of Mining and Finance for approval and signing which may take place in due course.

Shortly after Globe received the above formal communication, a media report appeared online at The Times Group quoting the Malawi Ministry of Mining spokesperson Andrew Mkonda Banda as having stated that "The Ministry of Mining has concluded its negotiations with Globe Metals and Mining for the Kanyika Niobium Mining project in Mzimba District" and "The Ministry of Justice is now vetting the MDA between the two parties".

On 14 December 2022, a list of amendments for discussion was received from the Attorney-General via the Ministry of Mining. Discussions relating to the Attorney-General's proposed amendments are progressing but remaining ongoing.

The final signing of the MDA is an important aspect of the Project as it outlines the fiscal regime under which the Project will operate and sets out the terms upon which the Company is able to develop the minerals contained in the Project, including terms not otherwise required through existing regulations.

**Phase One Study**

Since the beginning of the 2022 calendar year, the Company has been investigating a phased approach to construction and commencement of operations. During the half year Globe presented an option for a quicker pathway to production with reduced up-front capital costs as a Phase One study. This would allow Globe to de-risk the operations and build the market for its products in line with the anticipated upsurge in demand for niobium oxides. Globe then expects to move towards full-scale operations in Phase Two.

**Kanyika Mine Operations – Phase One**

The Kanyika mine operations (both mining and concentration plant) remain largely unchanged in execution but will start at a lower tonnage than that envisaged in the original Feasibility Study viz. 90,000 tpa rather than 1,500,000 tpa. This level of production will lower the initial capital costs significantly and is also consistent with the local availability of medium voltage (33kV) power to run the milling process at the site.

**Namibia Refinery – Phase One**

As part of Globe's optimisation studies, Globe's technical team identified that the conventional hydrofluoric acid digestion of niobium ores indicated a high cost of production, the significant single-use consumption of costly hydrofluoric acid and a high cost of radionuclide residue disposal, with attendant ESG concerns. The Globe technical team therefore embarked on the investigation of alternative refining routes that were lower cost and more environmentally friendly.

The team highlighted gas-phase chlorination as the most suitable alternate approach to hydrofluoric acid refining. This route reacts chlorine gas with the Kanyika concentrate generating metal chlorides which are then separated by selective cooling and purified by distillation. The metal chlorides are subsequently oxidised which regenerates chlorine that is recycled to the front of the process. A small electrolyser uses sea salt to produce chlorine to make up for metal chloride sales – for example: iron chloride is sold as a water treatment chemical.

There are major benefits to using the chlorination route. Regeneration results in major reductions in reagent consumption; multiple products can be generated either for sale or for safe storage as an oxide; residue quantities are an order of magnitude less than the hydrofluoric acid route; the heat generated by the exothermic chlorination reaction can be harvested to produce electricity and finally, this route can be economically scaled down to the Phase One volumes. All these benefits allow Globe to enter production earlier while achieving an overall improved economic and environmental outcome.

It should be noted that the chlorination process is the industry standard process for the production of titanium oxides (for use in paint) and has been used for Rare Earths refining for over fifty years and for niobium refining for over twenty years. As mentioned above, it has significant environmental and economic benefits over the use of hydrofluoric acid. A preliminary comparison with the hydrofluoric acid route predicts that, while the initial capital costs will be higher, the operating costs will be significantly lower.

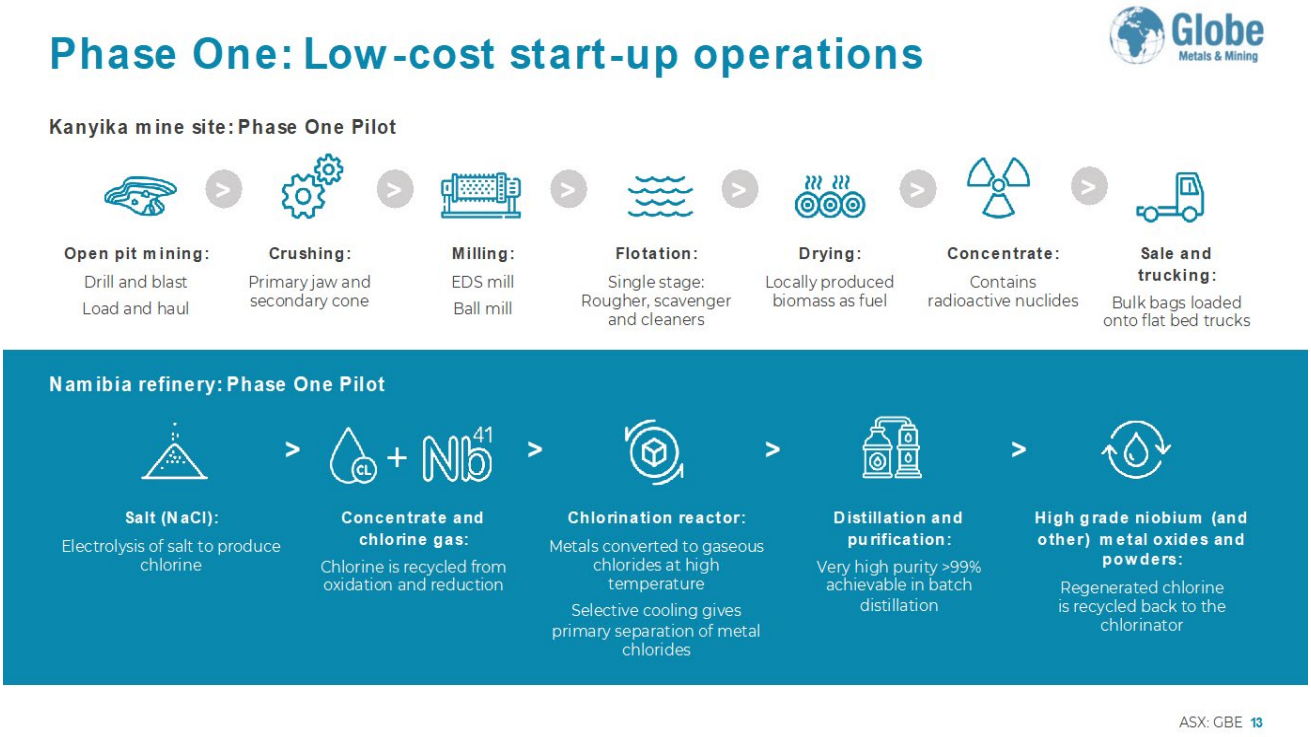
**Phase One Refinery Location**

The current optimisation Phase One studies have identified the Heavy Industrial Zone in Walvis Bay in Namibia as the preferred refinery location.

There are many reasons why this is an excellent choice for Globe. Locating the gas chlorination refinery in Namibia results in a lower transport cost and resolves issues around the transport of material classified as Class

7 (due to the uranium content). In addition, there are several world class uranium mines in Namibia – Langer Heinrich, Husab and Rossing and as such, both the Namibian Government and the Namibian uranium industry are well-versed in the protocols of dealing with radioactive materials and the safe storage of residues. Namibia, and Walvis Bay in particular, also have an active engineering contractor community and labour force experienced in the construction of sophisticated plant and with working with processes similar to the proposed chlorination process. Finally, Walvis Bay produces and exports the electrolyser grade salt required for the chlorination process.

To locate the refinery at Walvis Bay requires obtaining provisional rights to land subject to environmental and regulatory approvals being obtained. At the same time power and water need to be applied for. Mutschler Consulting Services (MCS) is experienced in assisting companies to apply for land use, power, and water to manage the environmental assessment process. Globe has appointed MCS to represent Globe in Namibia. MCS will begin with an environmental scan to establish what has been done to date to be able to commence a formal environmental scoping study. They will also initiate the land and power application processes. MCS will also prepare a memorandum on the status of the 'Sustainable Special Economic Zones Act' for foreign investment incentives as well as the relevant laws dealing with the import, transportation, storage, and export of concentrates.



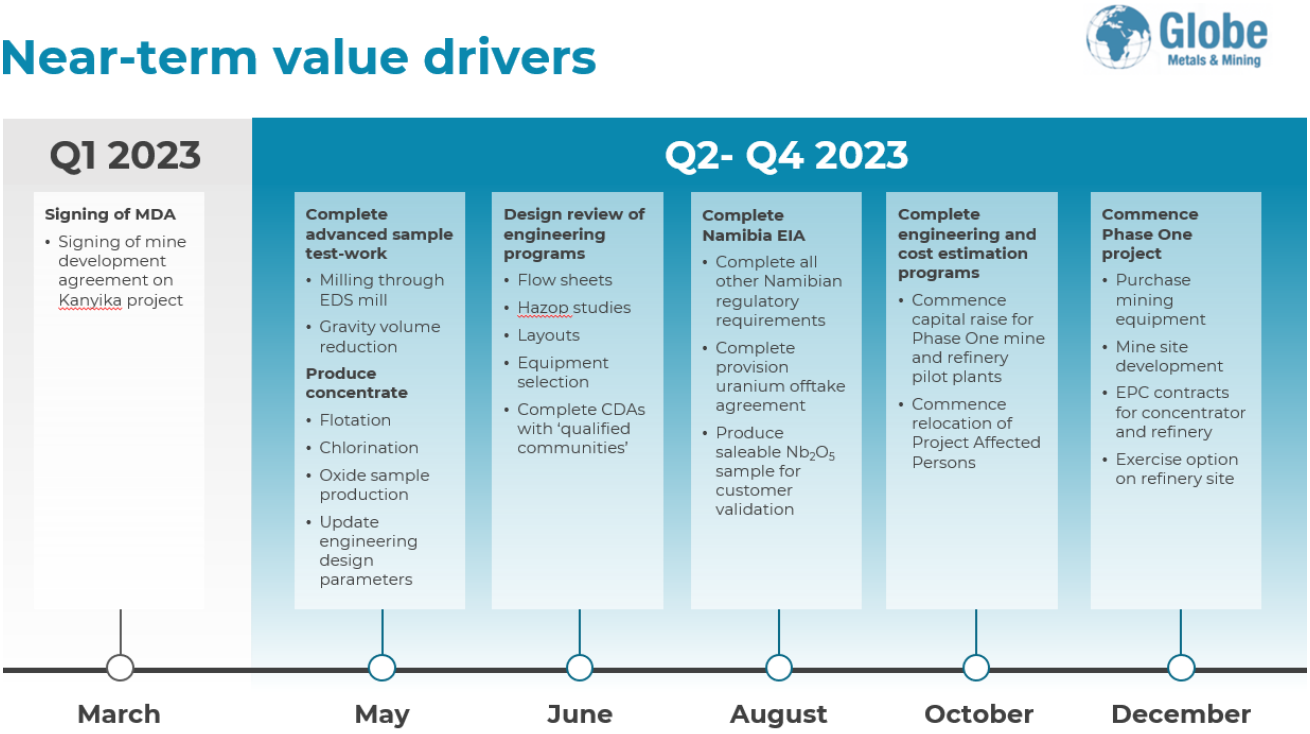

**Phase One Timetable**

In the short-term the Company expects to:

- Engage with the technology suppliers and the engineering companies to produce the requisite engineering and metallurgical reports such that the Feasibility Study can be updated to reflect the new refining technology.
- Finalise the Namibian site location and commence the Environmental Impact Assessment.
- Produce an Nb2O5 (niobium oxide) test sample for initial evaluation by potential customers.
- Continue to engage with all Malawian stakeholders to ensure that the MDA is finalised and that the Project Affected Persons can be relocated.

- Produce a complete cost estimate to support a capital raise for the Phase One mine and refinery construction commencing Q4 2023.

It is anticipated that these endeavours will take until Q3 2023, whereafter the Company will need to raise further funding for work to commence on both the mine and refinery sites, with a view to being in production by Q3 2024.




**Offtake and Distribution**

In addition to ongoing early-stage discussions with potential customers in the electric vehicle industry, Globe has continued its early-stage discussions with various parties who are experienced in acting as agents for niobium products. These parties are located in Asia, Europe, and the Americas.

**Relocation of Project Affected Persons**

During the half year Globe held a meeting with all persons who will be required to relocate in order for the Project to proceed (Project Affected Persons) and other community members to inform them of the status of the Malawi Government's authorisation process for the MDA, and consequent changes to the proposed relocation timetable and compensation schedule.

Due to the delay in signing the MDA, the relocation of Project Affected Persons and associated compensation payments is now not expected to be completed before the last quarter of calendar 2023, with a Decision to Mine now expected no sooner than the second half of 2023.

**Corporate**

During the half year ended 31 December 2022, Director Bo Tan provided the Company with two short-term loan facilities of $500,000 each ($1,000,000 in total). Details of the loans are as follows:

$500,000 Loan Facility received from Director Bo Tan

In August 2022, Director Bo Tan provided a short-term loan facility in the amount of A$500,000 to assist the Company with its short-term working capital requirements (**August Loan Facility**).

The key terms of the August Loan Facility were as follows:

| | |
|---|---|
| Loan Amount: | A$500,000 |
| Interest Rate: | 8% per annum |
| Default Interest Rate: | 20% per annum |
| Term: | 6 months |
| Repayment: | Repayable in cash or by the issue of fully paid ordinary shares at a price of 6.35 cents per share, subject to shareholder approval. At any time on or before the Maturity Date, the Group may, by notice (Conversion Notice) to the Lender, elect to convert some or all of the Money Owing (Conversion Amount) into Shares in the Borrower by way of the Borrower issuing Shares to the Lender, provided that the Borrower shall have prior to issuing the Conversion Notice obtained all shareholder, regulatory and other approvals necessary to enable the conversion of the Money Owing into Shares as contemplated under such Conversion Notice. |

On 6 December 2022, the August Loan Facility was repaid in full via the issue of 8,083,217 fully paid ordinary shares in the capital of the Company, which was approved by shareholders at the Company's Annual General Meeting on 30 November 2022.

Additional $500,000 Loan Facility received from Director Bo Tan

In September 2022, Director Bo Tan provided a further short-term loan facility, which will only be drawn if required, in the amount of A$500,000 to assist the Company with its short-term working capital requirements (**September Loan Facility**).

The key terms of the September Loan Facility are as follows:

| | |
|---|---|
| Loan Amount: | A$500,000 |
| Drawdown: | In lots of A$100,000 |
| Interest Rate: | 8% per annum |
| Default Interest Rate: | 20% per annum |
| Term: | 6 months |
| Repayment: | Repayable in cash or by the issue of fully paid ordinary shares at a price of 6.35 cents per share, subject to shareholder approval. At any time on or before the Maturity Date, the Group may, by notice (Conversion Notice) to the Lender, elect to convert some or all of the Money Owing (Conversion Amount) into Shares in the Borrower by way of the Borrower issuing Shares to the Lender, provided that the Borrower shall have prior to issuing the Conversion Notice obtained all shareholder, regulatory and other approvals necessary to enable the conversion of the Money Owing into Shares as contemplated under such Conversion Notice. |

As at 31 December 2022, a total of $400,000 had been drawn down under the September Loan Facility. The maturity date of the September Loan Facility has been extended, by agreement, to 21 April 2023.

**Research & Development Claim**

During the half, the Company received a rebate of approximately $331,000 in respect of its claim for eligible research and development expenditure undertaken during the year ended 30 June 2022.

**Two-Tranche Placement**

During the half, the Company announced that it had received firm commitments to raise $1.55 million via a two-tranche share placement at $0.0635 per share.

The Placement was well supported by sophisticated and professional investors and comprises two tranches. Tranche one was completed in late November 2022 raising $1.039 million (before costs) via the issue of 16,365,439 fully paid ordinary shares under the Company's Listing Rule 7.1 placement capacity. Tranche two is expected to be completed by the end of March 2023 and will raise a further $500,000 (before costs) under the Company's remaining Listing Rule 7.1 placement capacity.

The Company is using the Placement funds to undertake engineering and processing finalisation studies ahead of progression to first phase production, and for additional working capital.

**SUBSEQUENT EVENTS**

Subsequent to period end, on 13 February 2023, one of the conditions of Mining Licence LM20216/21 relating to the "commencement of substantial on-site mine development within 18 months of the date of the licence" was not met.

The holder of a large-scale mining licence may apply for an extension to the deadline pursuant to the requirements of the Mines and Minerals Act (**Act**).

On 10 February 2023, pursuant to section 174(6) of the Act, Globe Metals and Mining (Africa) Limited (**Globe Africa**) applied for an extension to the deadline for the commencement of the development of Mining Licence LM20216/21 which was granted to Globe Africa on 13 August 2021 (**Mining Licence**). More specifically, Globe Africa has indicated to the Commissioner of Mines that the delay in the execution of the MDA has impeded Globe Africa's ability to raise development capital for the project and has therefore applied to the Commissioner for an extension to the eighteen (18) month deadline for the commencement of substantial on-site development.

Having had earlier discussions with the Ministry on this matter Globe Africa anticipates that this application will be successful. Moreover, section 174(8) of the Act provides that it is up to the Commissioner of Mines to commence the process to cancel a mining licence when its holder has failed to comply with the condition or has not obtained the required extension.

As at the date of this report, the Mining Licence remains on foot and the Commissioner has not commenced the cancellation process referred to in section 174(8) of the Act.

Subsequent to period end the short-term director loan outstanding from Bo Tan has been extended to a new maturity date of 21 April 2023.

There have been no other events subsequent to reporting date of a material nature requiring disclosure.

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 8 for the half year ended 31 December 2022.

**Rounding of amounts**

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report.

Therefore, amounts in the directors' report and the half-year financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of directors.



_____

Ms Alice Wong
Non-Executive Chairperson

Dated this 15th day of March 2023
Perth

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Building a better working world

# Auditor's independence declaration to the directors of Globe Metals & Mining Limited

As lead auditor for the review of the half-year financial report of Globe Metals & Mining Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Globe Metals & Mining Limited and the entities it controlled during the financial period.

Ernst & Young

Gavin Buckingham
Partner
15 March 2023

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
For the Half Year Ended 31 December 2022

| | 31 December 2022 $'000 | 31 December 2021 $'000 |
|---|---|---|
| Interest income | **-** | **2** |
| Administrative expenses | **(323)** | **(420)** |
| Compliance and regulatory expenses | **(140)** | **(79)** |
| Depreciation expenses | **(3)** | **(24)** |
| Directors fees | **(159)** | **(103)** |
| Employee benefits expenses | **(179)** | **(336)** |
| Interest expense | **(54)** | **-** |
| Occupancy expenses | **(38)** | **(19)** |
| Travel expenses | **(32)** | **(44)** |
| Foreign currency gain/(loss) | **20** | **(7)** |
| Other expenses | **(76)** | **(63)** |
| **Loss before income tax** | **(984)** | **(1,093)** |
| Income tax expense | **-** | **-** |
| **Loss for the half year** | **(984)** | **(1,093)** |
| **Other comprehensive loss after tax** | | |
| *Items that will not be reclassified to profit or loss in subsequent periods* | | |
| Net gain/(loss) on equity instruments designated at fair value through other comprehensive income | - | (4) |
| **Other comprehensive loss after tax** | **-** | **(4)** |
| **Total comprehensive loss for the half year** | **(984)** | **(1,097)** |
| **Loss Per Share attributable to ordinary equity holders of the Company** | **Cents** | **Cents** |
| Basic and diluted loss per share | (0.20) | (0.24) |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

| | Note | 31 December 2022 $'000 | 30 June 2022 $'000 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | **1,112** | **431** |
| Trade and other receivables | | **66** | **50** |
| Other current assets | | **94** | **114** |
| **TOTAL CURRENT ASSETS** | | **1,272** | **595** |
| **NON-CURRENT ASSETS** | | | |
| Exploration and evaluation expenditure | 3 | **30,230** | **29,950** |
| Investments at fair value through other comprehensive income | | **24** | **24** |
| Plant and equipment | | **263** | **274** |
| Right of use asset | | **-** | **12** |
| **TOTAL NON-CURRENT ASSETS** | | **30,517** | **30,260** |
| **TOTAL ASSETS** | | **31,789** | **30,855** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | **309** | **266** |
| Provisions | | **-** | **46** |
| Loan | 4 | **436** | **1,023** |
| Lease liability | | **7** | **24** |
| **TOTAL CURRENT LIABILITIES** | | **752** | **1,359** |
| **NON CURRENT LIABILITIES** | | | |
| Lease liability | | **-** | **-** |
| TOTAL NON CURRENT LIABLITIES | | **-** | **-** |
| **TOTAL LIABILITIES** | | **752** | **1,359** |
| **NET ASSETS** | | **31,037** | **29,496** |
| **EQUITY** | | | |
| Issued capital | 6 | **83,279** | **80,753** |
| Financial assets reserve | | **(10)** | **(10)** |
| Accumulated losses | | **(52,232)** | **(51,247)** |
| **TOTAL EQUITY** | | **31,037** | **29,496** |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Half Year Ended 31 December 2022

| | Contributed Equity $'000 | Accumulated Losses $'000 | Financial Assets Reserve $'000 | Total $'000 |
|---|---|---|---|---|
| Balance at 1 July 2021 | 80,753 | (48,495) | 18 | 32,276 |
| Loss for the period | - | (1,093) | - | (1,093) |
| Other comprehensive loss | - | - | (4) | (4) |
| Total comprehensive loss for the period | - | (1,093) | (4) | (1,097) |
| Balance at 31 December 2021 | 80,753 | (49,588) | 14 | 31,179 |
| **Transactions with owners in their capacity as owners** | | | | |
| **Balance at 1 July 2022** | **80,753** | **(51,248)** | **(10)** | **29,495** |
| Shares issued net of capital raising costs | 2,526 | - | - | 2,526 |
| **Balance at 31 December 2022** | **83,279** | **(51,248)** | **(10)** | **32,021** |
| Loss for the period | - | (984) | - | (984) |
| Other comprehensive loss | - | - | - | - |
| **Total comprehensive loss for the period** | **-** | **(984)** | **-** | **(984)** |
| **Balance at 31 December 2022** | **83,279** | **(52,232)** | **(10)** | **31,037** |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS**
For the Half Year Ended 31 December 2022

| | 31 December 2022 $'000 | 31 December 2021 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Payments to suppliers and employees (inclusive of value added taxes) | (901) | (1,063) |
| Research and Development tax incentive | - | - |
| Interest received | - | 2 |
| **Net cash outflow from operating activities** | **(901)** | **(1,061)** |
| | | |
| **Cash flows from investing activities** | | |
| Payments for exploration and evaluation assets | (576) | (680) |
| Research and Development tax incentive | 326 | - |
| Payments for plant and equipment | (7) | (50) |
| **Net cash outflow from investing activities** | **(257)** | **(730)** |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from issue/(purchase) of shares and options | 1,039 | - |
| Payments for costs of share issue | (83) | - |
| Proceeds from borrowing | 900 | - |
| **Net cash inflow from financing activities** | **1,856** | **-** |
| | | |
| **Net increase in cash and cash equivalents** | 698 | (1,791) |
| | | |
| **Cash and cash equivalents at the beginning of half year** | **431** | **2,816** |
| | | |
| Effects of exchange rate on cash and cash equivalents | (17) | (7) |
| **Cash and cash equivalents at the end of half year** | **1,112** | **1,018** |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
For the Half Year Ended 31 December 2022

## 1. BASIS OF PREPARATION OF HALF-YEAR REPORT AND CHANGES TO GROUP'S ACCCOUNTING POLICIES

### 1.1 Basis of Preparation

This consolidated interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Globe Metals & Mining Limited (the "Company") during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

### 1.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2022 except for the adoption of new standards and interpretations effective as of 1 July 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2022 affected any of the amounts recognised in the current period or any prior period.

### 1.3 Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

As at 31 December 2022, the Group had cash and cash equivalents of $1.112 million and had net working capital of $0.52 million. The Group incurred a loss for the half year ended 31 December 2022 of $0.984 million (31 December 2021: $1.097 million loss) and net cash outflows used in operating activities and investing activities totalling $1.158 million (31 December 2021: $1.791 million). The Group's cashflow forecasts reflect that the Group will be required to raise additional working capital within the next 12 month period to enable it to continue to progress the financing and development of the Kanyika Project.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue its planned operations and the Group will be able to meet its obligations as and when they fall due, for the following reasons:

- The Company has been issued with a Large-Scale Mining Licence for the Kanyika Project which provides it with tenure of twenty-five (25) years from grant date subject to ongoing compliance with the licence terms and conditions. Subsequent to period end, on 13 February 2023, one of the conditions of Mining Licence LM20216/21 relating to the "commencement of substantial on-site mine development within 18 months of the date of the licence" was not met. The Group has requested an extension to this condition due to delays in executing the MDA. Refer to note 8 of the financial statements for further discussion in connection with this matter.

- In September 2022 and December 2022, the short-term loan facility (current liability) outstanding at of $1.523 million was converted into equity and thus is no longer required to be repaid; and the $436,000 outstanding at 31 December 2022 can be converted to equity instead of being repaid in cash at the election of the group. This short-term loan has been extended to a new maturity date of 21 April 2023.
- During the half year, the Company announced that it had received firm commitments to raise $1.55 million via a two-tranche share placement at $0.0635 per share (refer ASX announcement of 18 November 2022). The Placement was well supported by sophisticated and professional investors and comprises two tranches. Tranche one was completed in late November 2022 raising $1.039 million (before costs) via the issue of 16,365,439 fully paid ordinary shares under the Company's Listing Rule 7.1 placement capacity. Tranche two is expected to be completed by the end of March 2023 and will raise a further $500,000 (before costs) under the Company's remaining Listing Rule 7.1 placement capacity.
- The Directors are of the opinion based on past successful capital/debt issue that the use of the going concern basis of accounting is appropriate as they are confident in the ability of the Group to be successful in securing additional funds through debt or equity issues as and when the need to raise working capital arises.

The ability of the Group to continue as a going concern is dependent on the Group securing additional debt and/or equity funding to meet its working capital requirements in the next 12 months and securing an extension to the condition to its Mining Licence which was not met subsequent to period end. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

## 2. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board to make decisions on resources to be allocated to segments and assess their performance.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The Group has two reportable segments based on the development stage of the projects and of the mineral resource and exploration activities in Africa. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

**Activity by segment**

**Africa – Kanyika**
The Africa – Kanyika segment includes the Kanyika Niobium project in Malawi.

**Africa – Exploration**
The Africa – Exploration segment relates to other exploration activities in Malawi.

## 2. SEGMENT INFORMATION (CONT'D)

| **(i) Segment performance** | **Africa - Kanyika $'000** | **Africa - Exploration $'000** | **Total $'000** |
|---|---|---|---|
| **Six months ended 31 December 2022** | | | |
| Segment revenue | **-** | **-** | **-** |
| **Segment result** | **(217)** | **(14)** | **(231)** |
| *Reconciliation of segment result to group net loss before tax* | | | |
| Unallocated items: | | | |
| • Other revenue | | | **-** |
| • Other corporate expenses | | | **(753)** |
| Net loss before tax | | | **(984)** |
| **(ii) Segment assets** | | | |
| **As at 31 December 2022** | | | |
| • Plant and equipment | **38** | **134** | **172** |
| • Exploration and evaluation expenditure | **29,799** | **431** | **30,230** |
| • Other assets | **101** | **76** | **177** |
| **Total Segment assets** | **29,938** | **641** | **30,579** |
| *Reconciliation of segment assets to group assets* | | | |
| • Cash and cash equivalents | | | **1,112** |
| • Other corporate assets | | | **98** |
| **Total Assets** | | | **31,789** |

| **(iii) Segment performance** | **Africa - Kanyika** | **Africa - Exploration** | **Total** |
|---|---|---|---|
| **Six months ended 31 December 2021** | | | |
| Segment revenue | - | - | - |
| **Segment result** | 3 | (16) | (13) |
| *Reconciliation of segment result to group net loss before tax* | | | |
| Unallocated items: | | | |
| • Other revenue | | | 2 |
| • Other corporate expenses | | | (1,082) |
| Net loss before tax | | | (1,093) |
| **(iv) Segment assets** | | | |
| **As at 31 December 2021** | | | |
| • Plant and equipment | 35 | 135 | 170 |
| • Exploration and evaluation expenditure | 30,045 | - | 30,045 |
| • Other assets | 94 | 82 | 176 |
| **Total Segment assets** | 30,174 | 217 | 30,391 |
| *Reconciliation of segment assets to group assets* | | | |
| • Cash and cash equivalents | | | 1,018 |
| • Other corporate assets | | | 164 |
| **Total Assets** | | | 31,573 |

## 3. EXPLORATION AND EVALUATION EXPENDITURE

| | Half year ended 31 December 2022 $'000 | Year ended 30 June 2022 $'000 |
|---|---|---|
| **Non-Current** | | |
| Costs carried forward in respect of areas of interest in: | | |
| **Exploration and evaluation phases – at cost** | **30,230** | 29,950 |
| | | |
| Movement is comprised as follows: | | |
| Opening balance | **29,950** | 29,357 |
| Exploration expenditure capitalised during half year | **606** | 1,454 |
| Research and development rebate | **(326)** | (445) |
| Exploration expenditure written off | **-** | (416) |
| **At reporting date** | **30,230** | 29,950 |

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest. Subsequent to period end, on 13 February 2023, one of the conditions of Mining Licence LM20216/21 relating to the "Commencement of substantial on site mine development" was not met. Refer to note 8 of the financial statements for further discussion in connection with this matter.
- the results of future exploration;
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale; and
- no significant changes in laws and regulations that greatly impact the Group's ability to maintain tenure.

The Group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to indigenous people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

## 4. LOAN

| | December 2022 $'000 | June 2022 $'000 |
|---|---|---|
| **Current** | | |
| Opening balance | 1,023 | - |
| Loan advancement | 900 | 1,000 |
| Loan repayment | (1,500) | - |
| Interest accrual | 13 | 23 |
| **At reporting date** | **436** | **1,023** |

During the half year ended 31 December 2022, Director Bo Tan provided the Company with two short-term loan facilities of $500,000 each ($1,000,000 in total). Details of the loans are as follows:

August Loan Facility

The key terms of the August Loan Facility were as follows:

| | |
|---|---|
| Loan Amount: | A$500,000 |
| Interest Rate: | 8% per annum |
| Default Interest Rate: | 20% per annum |
| Term: | 6 months |
| Repayment: | Repayable in cash or by the issue of fully paid ordinary shares at a price of 6.35 cents per share, subject to shareholder approval. At any time on or before the Maturity Date, the Group may, by notice (Conversion Notice) to the Lender, elect to convert some or all of the Money Owing (Conversion Amount) into Shares in the Borrower by way of the Borrower issuing Shares to the Lender, provided that the Borrower shall have prior to issuing the Conversion Notice obtained all shareholder, regulatory and other approvals necessary to enable the conversion of the Money Owing into Shares as contemplated under such Conversion Notice. |

On 6 December 2022, the August Loan Facility was repaid in full via the issue of 8,083,217 fully paid ordinary shares in the capital of the Company, which was approved by shareholders at the Company's Annual General Meeting on 30 November 2022.

September Loan Facility

The key terms of the September Loan Facility are as follows:

| | |
|---|---|
| Loan Amount: | A$500,000 |
| Drawdown: | In lots of A$100,000 |
| Interest Rate: | 8% per annum |
| Default Interest Rate: | 20% per annum |
| Term: | 6 months |
| Repayment: | Repayable in cash or by the issue of fully paid ordinary shares at a price of 6.35 cents per share, subject to shareholder approval. At any time on or before the Maturity Date, the Group may, by notice (Conversion Notice) to the Lender, elect to convert some or all of the Money Owing (Conversion Amount) into Shares in the Borrower by way of the Borrower issuing Shares to the Lender, provided that the Borrower shall have prior to issuing the Conversion Notice obtained all shareholder, regulatory and other approvals necessary to enable the conversion of the Money Owing into Shares as contemplated under such Conversion Notice. |

As at 31 December 2022, a total of $400,000 had been drawn down from under the September Loan Facility. The maturity date of the September Loan Facility has been extended, by agreement, to 21 April 2023.

## 5. PROVISIONS

| | December 2022 $'000 | June 2022 $'000 |
|---|---|---|
| **Current** | | |
| Employee benefit provisions | - | 46 |
| | - | 46 |

## 6. ISSUED CAPITAL

| | 31 December 2022 | | 30 June 2022 | |
|---|---|---|---|---|
| | $'000 | Number | $'000 | Number |
| Fully paid ordinary shares | 83,279 | 506,768,695 | 80,753 | 465,922,373 |

**31 December 2022**

| | Issued capital $'000 | Number of shares |
|---|---|---|
| Balance at the beginning period | 80,753 | 465,922,373 |
| Proceeds from share issue | 1,039 | 16,365,439 |
| Conversion of loan into share capital | 1,570 | 24,480,883 |
| Share issue expenses | (83) | - |
| Balance at the end of the reporting period | 83,279 | 506,768,695 |

**30 June 2022**

| | Issued capital $'000 | Number of shares |
|---|---|---|
| Balance at the beginning period | 80,753 | 465,922,373 |
| Proceeds from share issue | - | - |
| Share issue expenses | - | - |
| Balance at the end of the reporting period | **80,753** | **465,922,373** |

## 7. COMMITMENTS

**Operating lease expenditure commitments**

Operating lease expenses relate to leases for office and staff accommodation in Malawi and office accommodation in Perth:

| | 31 December 2022 $'000 | 31 December 2021 $'000 |
|---|---|---|
| Not longer than one year | **43** | 30 |
| Longer than one year, but not longer than 5 years | **-** | - |
| | **43** | 30 |

## 8. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to period end, on 13 February 2023, one of the conditions of Mining Licence LM20216/21 relating to the "commencement of substantial on-site mine development within 18 months of the date of the licence" was not met.

The holder of a large-scale mining licence may apply for an extension to the deadline pursuant to the requirements of the Act.

On 10 February 2023, pursuant to section 174(6) of the Act, Globe Africa applied for an extension to the deadline for the commencement of the development of the Mining Licence. More specifically Globe Africa has indicated to the Commissioner of Mines that the delay in the execution of the MDA has impeded Globe Africa's ability to raise development capital for the project and has therefore applied to the Commissioner for an extension to the eighteen (18) month deadline for the commencement of substantial on-site development.

Having had earlier discussions with the Ministry on this matter Globe Africa anticipates that this application will be successful. Moreover, section 174(8) of the Act provides that it is up to the Commissioner of Mines to commence the process to cancel a mining licence when its holder has failed to comply with the condition or has not obtained the required extension. As at the date of this report, the Mining Licence remains on foot and the Commissioner has not commenced the cancellation process referred to in section 174(8) of the Act.

Subsequent to period end the short-term director loan outstanding from Bo Tan has been extended to a new maturity date of 21 April 2023.

Other than the above there have been no other events subsequent to reporting date of a material nature requiring disclosure (31 December 2021: none).

## 9. CONTINGENT ASSETS AND LIABILITIES

There are no material contingent assets and liabilities that exist as at reporting date (30 June 2022: none).

## 10. DIVIDENDS

No dividends have been paid or provided for the period (31 December 2021: none).

**DIRECTORS' DECLARATION**

In the directors' opinion:

(a) The financial statements set out on pages 9 to 18 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*; and

(ii) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and

(b) subject to the matters set out in Note 1.3 to the financial report, there are reasonable grounds to believe that Globe Metals & Mining Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



_____

Ms Alice Wong
Non-Executive Chairperson

Dated this 15th day of March 2023
Perth

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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# Independent auditor's review report to the members of Globe Metals & Mining Limited

## Conclusion

We have reviewed the accompanying half-year financial report of Globe Metals & Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Material uncertainty related to going concern

We draw attention to Note 1.3 in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

## Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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## Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Gavin Buckingham
Partner
Perth
15 March 2023

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